



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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November 28, 2022

**RBI imposes monetary penalty on The Cumbum Co-operative Town Bank Ltd.,
Cumbum, Prakasam District, Andhra Pradesh**

The Reserve Bank of India (RBI) has imposed, by an order dated November 25, 2022, a monetary penalty of ₹3.00 lakh (Rupees Three lakh only) on The Cumbum Co-operative Town Bank Ltd., Cumbum, Prakasam District, Andhra Pradesh (the bank) for non-adherence / violation of directions issued under Frauds - Classification and Reporting and Board of Directors - UCBs. This penalty has been imposed in exercise of powers vested in RBI under the provisions of Section 47 A (1) (c) read with Section 46 (4) (i) and Section 56 of the Banking Regulation Act, 1949 (AACs), taking into account the failure of the bank to adhere to the aforesaid directions issued by RBI.

This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers.

Background

The inspection report of the bank based on its financial position as on March 31, 2020, revealed, inter alia, instances of non-reporting of frauds to RBI and loans and advances sanctioned to its directors and firms owned by director's relatives. Based on the same, a Notice was issued to the bank advising it to show cause as to why penalty should not be imposed for non-compliance with the directions.

After considering the bank's reply and oral submissions during the personal hearing, RBI came to the conclusion that the aforesaid charge of non-compliance with RBI directions was substantiated and warranted imposition of monetary penalty.

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(Yogesh Dayal)
Chief General Manager